

NOTICE OF  
PROPOSED RULE AMENDMENT

- The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301 and Subsection 53C-1-201(3)(c).
- Please address questions regarding information on this notice to the agency.
- The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- The full text of all rule filings may also be inspected at the Division of Administrative Rules.

Agency Information

1. Agency: Insurance - Administration  
 Room no.: 3110  
 Building: STATE OFFICE BLDG  
 Street address 1: 450 N MAIN ST  
 Street address 2:  
 City, state, zip: SALT LAKE CITY UT 84114-1201  
 Mailing address 1: PO BOX 146901  
 Mailing address 2:  
 City, state, zip: SALT LAKE CITY UT 84114-6901

Contact person(s):

Name:	Phone:	Fax:	E-mail:
Jilene Whitby	801-538-3803	801-538-3829	jwhitby@utah.gov

(Interested persons may inspect this filing at the above address or at DAR during business hours)

Rule Information

DAR file no: 34892 Date filed: 06/01/2011 11:23 AM  
 State Admin Rule Filing Key: 151146  
 Utah Admin. Code ref. (R no.): R 590 - 207 -  
 Changed to Admin. Code ref. (R no.): - -

Title

2. Title of rule or section (catchline):  
 Health Agent Commissions for Small Employer Groups.

Notice Type

3. Type of notice: Amendment

Rule Purpose

4. Purpose of the rule or reason for the change:  
 Rule is being changed to clarify the acceptable and unacceptable commission structures.

Response Information

5. This change is a response to comments by the Administrative Rules Review Committee.  
 No

Rule Summary

6. Summary of the rule or change:  
 Ammendments made to the rule include: Changes in terminology, "agent" to "producer;" Disallows insurers to structure producer commissions in a way that would restrict the sale of health insurance to small employer groups;

Table of commission structure examples have been deleted and placed the information into a section entitled "Commission Structure Examples;" and The "Compliance Date" section has been renamed "Enforcement Date" providing 45 days after the effective date of the rule before it will be enforced.

#### Aggregate Cost Information

##### 7. Aggregate anticipated cost or savings to:

###### A) State budget:

Affected: No

The changes to this rule will have no fiscal impact on the work load or revenues of the department or state budget. Insurers will not be required to file forms or rates with the department as a result of these changes.

###### B) Local government:

Affected: No

This rule will have no fiscal impact on local governments since it deals solely with the relationship between the department and their licensees and in this case deals with the commission structure for producers selling insurance to small employer groups.

###### C) Small businesses:

Affected: No

("small business" means a business employing fewer than 50 persons)

The changes to this rule clarify that small employer insurers are prohibited from structuring their producer commissions in a way that reduces a producer's incentive to insure the smallest employer groups and those with the greatest health risk. Insurers are already complying with the requirements of this rule.

###### D) Persons other than small businesses, businesses, or local government entities:

Affected: No

("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)

The rule prohibits insurers (large businesses) to change the commission structure for their producers in a way that reduces their incentive to insure the smallest employer groups or those with health risks. Insurers are already complying with the requirements of this rule.

#### Compliance Cost Information

##### 8. Compliance costs for affected persons:

The changes to this rule prohibits insurers (large businesses) from altering their producer commissions in a way that reduces their incentive to insure small employer groups based on their size or health risks. Insurers are already complying with the requirements of this rule.

#### Department Head Comments

##### 9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

There should be no fiscal impact on any entity. The changes merely clarify existing requirements.

##### B) Name and title of department head commenting on the fiscal impacts:

Neal T. Gooch, Insurance Commissioner

#### Citation Information

##### 10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws.

State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :

31A-2-201

31A-30-104

#### Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

<p>Official Title of Materials Incorporated (from title page):</p> <p>Publisher:</p> <p>Date Issued:</p> <p>Issue, or version:</p> <p>ISBN Number:</p> <p>ISSN Number:</p> <p>Cost of Incorporated Reference:</p> <p>Adds, updates, removes:</p>
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#### Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)
- A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) : 07/15/2011
- B) A public hearing (optional) will be held:
- On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

#### Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy): 07/22/2011
- NOTE: The date above is the date on which this rule MAY become effective. It is NOT the effective date. After the date designated in Box 12(A) above, the agency must submit a Notice of Effective Date to the Division of Administrative Rules to make this rule effective. Failure to submit a Notice of Effective Date will result in this rule lapsing and will require the agency to start the rulemaking process over.

#### Indexing Information

14. Indexing information - keywords (maximum of four, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):
- insurance law

#### File Information

15. Attach an RTF document containing the text of this rule change (filename):
- There is a document associated with this rule filing.

#### To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

#### Agency Authorization

Agency head or designee, and title: Jilene Whitby Information Specialist Date (mm/dd/yyyy): 06/01/2011